GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Municipal Administration & Urban Development Department – Incorporation of Andhra Pradesh Urban Infrastructure Asset Management Limited (APUIAML) under the Companies Act- 2013, for the development of the urban infrastructure projects in the State – Orders - Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (UBS) DEPARTMENT

G.O.Ms.No:132 Dated:24.05.2016

ORDER:

The State of Andhra Pradesh post its bifurcation is poised at an interesting juncture as it tries to balance the varied challenges that the bifurcation has created. Nevertheless the new state has embarked on a journey of economic growth and investment in a new arena.

2. The Urban population is growing rapidly, India is no exception to the trend. There are 14.6 million people living in urban areas of Andhra Pradesh, constituting about 30% of the total population in the State and is projected to be more than double by 2029. This will put tremendous pressure on provision of services and infrastructure in the urban areas and quality of life to its citizens.

3. At present, the Urban Local Bodies in the State require institutional support to meet its infrastructure demands. Further, the funds available with the Government are also limited to meet the projected demand for urban development in the State. Therefore, there is an urgent need for such an institutional structure which enables leveraging of the government resources and adequate flow of long term funds for urban development in the State through accessing of Capital Markets, Commercial Banks and Financial Institutions, private sector arms of Multi-lateral and bilateral Financial Institutions etc. in the form of loans, equity, grants, etc. It is also required that the urban projects are professionally developed through a rigorous project development framework and are structured in a manner that renders them financially viable to be funded by Banks, Domestic and International Financial Institutions without recourse to the State Government guarantees but can be by leveraging grant assistance from the Government.

4. Government, in view of the above, and to cater to the financial needs of the ULBs in a more effective and efficient manner, have contemplated to create an institution in partnership with the reputed financial institutions to act as a financial intermediary to augment the funding resources.

5. Accordingly, and after due deliberations and careful consideration, Government hereby establish the Joint Venture Company called Andhra Pradesh Urban Infrastructure Asset Management Limited (APUIAML) under the Companies Act, 2013 in collaboration initially with the IL&FS with the objective of attracting investment for financing and management of the urban infrastructure projects in the State. The broad aims and objectives and scope and constitution of the Joint Venture Viz. Andhra Pradesh Urban Infrastructure Asset Management Limited (APUIAML) are as follows:

PTO

a) The new entity - Andhra Pradesh Urban Infrastructure Asset Management Limited is contemplated to be an Asset Management Company (AMC) for managing an Urban Fund. On one hand it will assist ULBs in preparing and structuring urban infrastructure projects on commercially viable models, while on the other it will raise financial resources for the proposed Urban Fund through innovative instruments by leveraging Government funds.

b) Shareholding: The APUIAML is to be incorporated with the following shareholding pattern:

GoAP shareholding : upto 49%

Initially with IL&FS Group : 51%

(In future, the Company may invite select multilateral / bilateral financial agencies and other reputed financial institutions to partner in this joint venture)

c. Capital : The initial equity capital of the Joint Venture Company shall be Rs.20 Crore, wherein GoAP would contribute Rs. 9.8 Crore and IL&FS would contribute Rs. 10.2 Crore.

Broad Scope of the proposed Joint Venture:

- Project Planning, Identification, Financial Structuring, Phasing
- Project Appraisal including financial analysis, financing strategy, project structuring.
- Debt syndication - Loans, Bond Issue, fund management.
- Investment Management of various securities and assets
- Procurement and contract management of identified projects
- Project Management Services to ensure efficient delivery of projects by ULBs
- Capital market access including new infrastructure finance vehicles as per regulatory guidelines.
- Appraisal and Capacity building of Urban Local Bodies (ULBs)
- APUIAML may provide it services to the Urban Housing Programmes, new capital city of Amaravati including the new cities that are being developed in the State.

APUIAML Management

- APUIAML Board of Directors will comprise of 12 members , and initially with 10 Members i.e. 3 members from GoAP, 4 members from IL&FS and 3 Independent Directors.
- All strategic decisions will be taken by the Board of the Company.
- APUIAML is proposed to be set up as a line organization to be managed professionally and staffed with the requisite skill sets.

Contd..3..

- It will draw upon the expertise of different IL&FS Group verticals which specialize in areas like project development, fund syndication, project appraisal, fund management etc.
- The contribution from Government through grants or other schemes may be provided to the PPP Projects and would be considered as equity or equivalent into the projects to leverage commercial funding from the market. The AMC will also help to leverage further resources through Bond issues by ULBs, attracting Private Sector Investment in Urban Infrastructure through PPPs, etc. help ULBs in unlocking the potential and monetizing their assets and bring financial discipline among the ULBs.

6. Government hereby appoints the Chief Secretary as the Chairman of the Company and Principal Secretary, MA&UD and Principal Finance Secretary as nominees of GoAP on the Board of the Company

7. M/S IL&FS is requested to initiate all necessary further steps to incorporate and function the Joint Venture Company viz. Andhra Pradesh Urban Infrastructure Asset Management Limited (APUIAML) on the lines indicated above immediately in coordination with the Municipal Administration & Urban Development Department.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R.KARIKAL VALAVEN
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Chief Secretary to Government, A.P.
The Principal Finance Secretary, Finance Department, AP.
The Principal Secretary to Government, Municipal Administration & Urban Development Department., AP.
The Chairman, Infrastructure Leasing & Financial Services (IL&FS)Limited, Mumbai.
Copy to:
The Managing Director, APUFIDC Limited, A.P., Hyderabad.
The Director of Municipal Administration, Hyderabad A.P., Hyderabad.
The Engineer- in- Chief (Public Health), A.P., Hyderabad.
The Director of Town and Country Planning, A.P., Hyderabad.
The Mission Director, MEPMA.,AP
The P.S. to Principal Secretary to Hon'ble C.M., AP
The P.S. to Chief Secretary to Government, AP
The O.S.D. to Hon'ble M(MA).AP
The P.S. to Principal Finance Secretary, Finance Department, AP.
The P.S. to Principal Secretary to Government, MA&UD.,AP
Sf/sc

//FORWARDED BY ORDER//

RESEARCH OFFICER